



Environmental Services Division
Land Quality Bureau

For Immediate Release

October 16, 2008

DNR Contact: Tommi Makila (515) 281-3142 or Tommi.Makila@dnr.iowa.gov

Slowing economy brings energy price relief

A silver lining in the slowing economy and financial market turmoil of the past few weeks has been plunging energy prices. "It is unfortunate that it took a weak economy to bring down energy prices," said Tommi Makila, an Iowa Department of Natural Resources Energy Policy Analyst. "The rather dramatic price drops at the gas pump over the last couple of weeks are due to the fact that oil prices have been going down since mid-July and most Gulf Coast refineries are up and running again. Because of slowing economy and weaker demand, oil prices kept going down even when the hurricanes hit. But we did not see the kind gasoline price declines one could have expected because of disruptions to oil refineries on the Gulf Coast. Now gasoline prices are catching up with the lower oil prices."

The October 15th average price of 10 percent ethanol blended mid-grade gasoline in Iowa was \$2.74 per gallon, a 24 percent decrease from September's average price of \$3.62 per gallon. The current price is four percent higher than the October 2007 price of \$2.63 per gallon of the same blend.

The October 15th average price for diesel in Iowa was \$3.70 per gallon, \$0.30 lower than September's price. The current diesel price is 20 percent higher than the October 2007 price of \$3.08.

Crude oil prices have continued on a downward trend in the last month. A barrel of West Texas Cushing Sweet Crude Oil settled at \$74.55 on October 15th. The October 15th price is a 22 percent decrease over September's price of \$95.71 and 15 percent lower than the October 2007 price of \$87.43.

Ten days ago the U.S. Department of Energy estimated that consumers in the Midwest will have to pay 10-20 percent more to heat their homes this year compared to last year. "If energy prices continue to go down, it will obviously help consumers. Let's also hope that the National Oceanic and Atmospheric Administration's prediction of a milder than average winter holds true," Makila said.

According to the U.S. census estimate, 67 percent of Iowa households use natural gas to heat their homes. 15 percent use electricity, 14 percent propane, 1.5 percent wood, and 1.4 percent fuel oil.

On October 15th, natural gas was trading at \$6.71/MMBtu, down \$1.31/MMBtu from last month and \$0.33 lower than one year ago, a five percent decrease. The U.S. Department of Energy, Energy Information Administration reports that working natural gas in storage as of October 10, 2008 was 3,277 billion cubic feet (Bcf), 85 Bcf above the 5-year average (2003-2007), and 87 Bcf below the level during the corresponding week last year.

A survey completed by the Iowa Department of Natural Resources on October 13, 2008, indicated that the average retail price of propane in Iowa was \$2.09, \$0.05 lower than last month, and \$0.36 higher than the price of propane at this time last year, a 21 percent increase. The same survey found that heating oil is selling in Iowa for an average of \$3.37 per gallon across the state, \$0.27 lower than a month ago. The current price is \$0.62 higher than the price in October of last year, a 23 percent increase.

To limit the financial impact of high energy prices, consumers should make improvements to their homes' energy efficiency. Tips for saving energy and money are available at www.energysavers.gov.

10% Ethanol Average Retail Price Per Gallon -- Major Iowa Cities

Self-Serve Ethanol	10/15/08	9/16/08	Difference
Ames	\$2.69	\$3.60	-\$0.91
Cedar Rapids	\$2.87	\$3.70	-\$0.83
Council Bluffs	\$2.67	\$3.60	-\$0.93
Davenport	\$2.75	\$3.77	-\$1.02
Des Moines	\$2.63	\$3.61	-\$0.98
Dubuque	\$2.91	\$3.78	-\$0.87
Fort Dodge	\$2.75	\$3.70	-\$0.95
Iowa City	\$2.82	\$3.68	-\$0.86
Sioux City	\$2.77	\$3.62	-\$0.85
Waterloo	\$2.76	\$3.57	-\$0.81
Webster City	\$2.73	\$3.56	-\$0.83
Average Metro Price	\$2.76	\$3.65	-\$0.89

Source: Oil Price Information Service, www.opisnet.com

Motor Fuels Survey State Average Price Per Gallon

Self-Serve	10/15/08	9/16/08	Difference
Regular Unleaded with 10% Ethanol	\$2.74	\$3.62	-\$0.88
Regular Unleaded	\$2.81	\$3.70	-\$0.89
Premium Unleaded	\$2.98	\$3.80	-\$0.82
Diesel	\$3.70	\$4.00	-\$0.30

Source: Oil Price Information Service, www.opisnet.com

Heating Fuels Survey

Heating Fuel Type	10/15/08	9/15/08	Difference
Natural Gas	6.71/MMbtu	8.02/MMbtu	-\$1.31/MMbtu

Source: Wall Street Journal

Heating Fuel Type	10/13/08	9/15/08	Difference
Propane	\$2.09	\$2.14	-\$0.05
#2 Heating Oil	\$3.37	\$3.64	-\$0.27

Source: Iowa Department of Natural Resources